

REPUBLIC ACT NO. 7965

AN ACT GRANTING THE SATELLITE BROADCASTING INCORPORATED A FRANCHISE TO CONSTRUCT, INSTALL, MAINTAIN AND OPERATE RADIO AND TELEVISION BROADCASTING STATIONS WITHIN REGIONS I AND II INCLUDING CORDILLERA REGION

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

SECTION 1. *Nature and Scope of Franchise.* – Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to the Satellite Broadcasting Incorporated, its successors or assigns, and hereunder referred to as the grantee, a franchise to construct, install, operate and maintain for commercial purposes and in the public interest radio and television broadcasting stations in the Philippines with the corresponding technological auxiliary or facilities, special broadcasts and other broadcast distribution services and relay stations.

SEC. 2. *Responsibility to the Public.* – The grantee shall provide adequate public service time to enable the government, through the said broadcasting stations, to reach the population on important public issues; provide at all times sound and balanced programming; promote public participation such as in community programming; assist in the functions of public information and education; conform to the ethics of honest enterprise; and not use its stations for the broadcasting of obscene and indecent language, speech, act or scene, or for the dissemination of deliberately false information or willful misrepresentation to the detriment of the public interest or to incite, encourage, or assist in subversive or treasonable acts.

SEC. 3. *Right of Government.* – A special right is hereby reserved to the President of the Philippines, in times of rebellion,

public peril, calamity, emergency, disaster or disturbance of peace and order, to temporarily take over and operate the said stations, temporarily suspend the operation of any station in the interest of public safety, security and public welfare, or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the grantee, for the use of said stations during the period when they shall be so operated.

The radio spectrum is a finite resource that is part of the national patrimony and the use thereof is a privilege conferred upon the grantee by the State and may be withdrawn at any time, after due process.

SEC. 4. *Term of Franchise.* – This franchise is granted for a period of twenty-five (25) years from the date of the effectivity of this Act unless sooner revoked, cancelled or amended. In the event the grantee fails to operate continuously for two (2) years or within two (2) years from the approval of its permit by the National Telecommunications Commission, this franchise shall be deemed *ipso facto* revoked.

SEC. 5. *Acceptance and Compliance.* – Acceptance of this franchise shall be given in writing to the Secretary of Transportation and Communications, with a copy furnished to the chairman of the National Telecommunications Commission within sixty (60) days after effectivity of this Act. When so accepted by the grantee, the grantee shall exercise the privileges granted thereby. Nonacceptance shall render the franchise void.

SEC. 6. *Tax Provisions.* – The grantee, its successors or assigns, shall be liable to pay the same taxes on their real estate, buildings and personal property exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns, shall pay a franchise tax equivalent to three percent (3%) of all gross receipts of the radio/television business transacted under this franchise. The grantee, its successors or assigns, shall continue to be liable for income taxes payable under Title II of the National Internal Revenue Code pursuant to Section 2 of

Executive Order No. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.

The grantee shall file the return with and pay the tax due thereon to the Commissioner of Internal Revenue or his duly authorized representative in accordance with the National Internal Revenue Code and the return shall be subject to audit by the Bureau of Internal Revenue.

SEC. 7. *Responsibility of the Grantee.* – The grantee shall not require any previous censorship of any speech, play, act or scene, or other matter to be broadcast or telecast from its station: *Provided*, That any such speech, play, act or scene, or other matter does not constitute a violation of the law or infringement of private rights: *Provided, further*, That the grantee, during any broadcast or telecast may cut off any broadcast or comment which in its opinion could incite treason, rebellion or sedition or when the language used therein or the theme thereof is indecent or immoral or is inimical to public interest, necessity and convenience, and willful failure to do so shall constitute a valid cause for the cancellation of this franchise.

SEC. 8. *Sale, Lease, Transfer, Usufruct, etc.* – The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or entity, nor merge with any other company or corporation or entity, nor merge with any other company or corporation not otherwise enfranchised for broadcasting services without the approval of the Congress of the Philippines. The controlling interest of the grantee shall not be transferred, assigned nor sold, whether as a whole or in parts and whether simultaneously or contemporaneously within five (5) years from the date of the effectivity of this Act. Any corporation, person or entity to which this permit is sold, transferred or assigned, shall be subject to all the same conditions, terms, restrictions and limitations of this Act.

SEC. 9. *Manner of Operation of Stations or Facilities.* – The stations or facilities of the grantee shall be constructed in a manner as will avoid interference on the wavelengths or

frequencies of authorized users, whether for broadcasting or telecommunications purposes without in any way diminishing its own right to use its selected wavelengths or frequencies and the quality of transmission or reception of signals.

SEC. 10. *Prior Approval of the National Telecommunications Commission.* – The grantee shall secure from the National Telecommunications Commission the appropriate permits and licenses for its stations and shall not use any frequency in the radio/television spectrum without having been authorized by the Commission. The Commission, however, shall not unreasonably withhold or delay the grant of any such authority.

SEC. 11. *Warranty in Favor of National and Local Governments.* – The grantee shall hold the national, provincial and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the construction or operation of the stations to the grantee.

SEC. 12. *Separability Clause.* – If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

SEC. 13. *Repealing Clause.* – This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SEC. 14. *General Broadcast Policy.* – The grantee shall comply with and be subject to the provisions of a general broadcast policy law that may hereafter be enacted.

SEC. 15. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved, March 30, 1995.